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UNITED STATES GOVERNMENT

M E M O R A N D U M

DATE: January 11, 1994

92-266

REPLY TO

ATTN OF: Andrea Williams
Staff Attorney, Cable Services Bureau

SUBJECT: MM Docket Nos. 92-266 & 93-215

TO: FCC Reference Room

Please insert the attached document in MM Docket Nos. 92-266 and MM Docket No. 93-215. The original letters were returned to Senator McConnell, therefore I have enclosed a copy of the original correspondence. Please call me if there is a problem. My number is 416-0829. Thank you for your immediate attention to this matter.

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

4 JAN 1994

IN REPLY REFER TO:
CN-9304175

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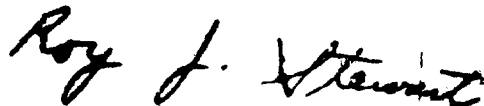
Honorable Mitch McConnell, Jr.
United States Senate
120 Russell Senate Office Building
Washington, D.C. 20510-1702

Dear Senator McConnell:

Thank you for your recent letter with attached correspondence concerning the impact of cable regulation on small cable television systems and rural customers. This issue is currently being addressed in several cable proceedings before the Commission. You can be assured that the Commission is very concerned about the issue of fair treatment for both small cable operators and their subscribers. With respect to Mr. Darryl T. Owens' inquiry concerning the possibility of extending the Commission's rate freeze, please note that the freeze was recently extended until February 15, 1994.

I hope the above has been helpful.

Sincerely,



Roy J. Stewart
Chief, Mass Media Bureau

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MITCH McCONNELL
KENTUCKY

United States Senate

WASHINGTON, DC 20510-1702
(202) 224-2541

MMB
Cable Rates
4/15

COMMITTEES:
AGRICULTURE
APPROPRIATIONS
RULES
ETHICS (VICE CHAIRMAN)

October 8, 1993

Mr. James H. Quello
Chairman
Federal Communications Commission
1919 M Street
Washington, D.C. 20554

Dear Mr. Quello:

Numerous Kentuckians have expressed serious concerns regarding the implementation of the Cable Consumer Television Protection Act, primarily on the development and enforcement of cable rate regulations.

Local franchising authorities, cable companies and networks are experiencing disagreements and confusion on the Federal Communications Commission's (FCC) cable regulation policies. As a result of recent billing changes, cable consumers are apprehensive that the Cable bill may reduce the quality of their service and raise their cost.

Please find enclosed letters from Mr. Darryl T. Owens, Jefferson County Commissioner, and Mr. Gary Burtoft, President of Clear Cable TV, expressing their views on this issue. I would greatly appreciate your response on the FCC's plan in addressing these concerns.

Thank you very much for your consideration, and I look forward to your reply.

Sincerely,



MITCH McCONNELL
UNITED STATES SENATOR

MM/rjb

Enclosure

August 20, 1993
The Honorable Mitch McConnell
United States Senate
Washington, DC 20510

Dear Senator McConnell:

Thank you for responding to my latest correspondence regarding the cable bill implementation. I was hoping you would take a little more aggressive approach in helping control the costs to both us small operators and the rural customers. At any rate I have enclosed a copy of a letter we sent to our subscribers trying to explain some of the changes they will be seeing in the near future. Since your name was mentioned I thought you may want to see what we were saying.

Again I thank you for your time and consideration. If you do decide to take a more positive approach to this serious problem please keep me informed.

Sincerely,

A handwritten signature in cursive script, reading "Gary Burtoft". The signature is fluid and extends to the right.

Gary Burtoft
President



DARRYL T. OWENS
OFFICE OF THE COUNTY COMMISSIONER, 1ST DISTRICT

111 Jefferson County Courthouse • Louisville, Kentucky 40202-2417 • 502/584-6808
Southwest Office • 719 Dixie Hwy • Louisville, Kentucky 40258-3712 • 502/584-7380

September 22, 1993

Senator Mitch McConnell
Room 116 Russell
Senate Office Building
Washington, D.C. 20510

Dear Senator McConnell:

When the Congress passed the Cable Consumer Protection and Competition Act of 1992, we were grateful for your support and responsiveness to our efforts to provide relief to cable subscribers in Jefferson County, Kentucky. We also appreciated the cable rate freeze that was implemented while the Federal Communications Commission (FCC) developed its rules.

However, when the FCC's final rate regulation order was issued, we were dismayed to discover that the rules are unnecessarily complicated and cumbersome. In addition our cable operator restructured cable service offerings several times during the rate freeze to avoid rate regulation almost entirely.

From our perspective, the problem is very simple. When we granted the franchise, our operator agreed to offer a comprehensive cable service at 19.7 cents per channel. Now cable service costs 58.9 cents per channel, an increase of 199% in eight and a half years or an average rate increase of 23.4% per year.

Many of the conditions of the franchise for which revenues have been collected by the cable operator have not been met. Yet, during this time the operator has passed through to its subscribers franchise fees and taxes even though these items were originally considered as part of the cost of doing business. Now, the FCC has developed an elaborate, complicated system that sets such high benchmarks for rates that in some cases the operator is RAISING rates allegedly to COMPLY with the Cable Act. In addition, the FCC redefines basic service so that the FCC, not local jurisdictions regulate the services that 95% of subscribers receive.

Several weeks ago, the Federal Communications Commission issued an order reconsidering certain aspects of its rate regulation rules. One aspect of this reconsideration order would permit cable operators to pass through to subscribers increases under the guise of "external costs" -- costs supposedly beyond the operators' control -- to the extent those increases exceed inflation.

Senator Alton McInnell
September 20, 1981
Page 2

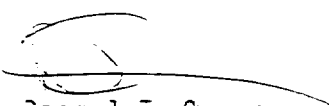
In the FCC's new rule making, it plans to consider whether it should allow operators to PASS THROUGH EVEN THE COSTS OF SYSTEM IMPROVEMENTS where those improvements are REQUIRED by a franchise and the operator has already collected the money and not delivered. This rule is being considered at a time when most jurisdictions are undergoing renewals. The end result is that we could not require improvements, and even if the operator offers upgrades, and we accept, the costs would be PASSED ON to subscribers.

The FCC's rate regulation procedures are not only confusing and onerous, they are designed to protect operators and do nothing to alleviate the excessive rate increases endured by cable subscribers for the past eight and a half years. In fact, it would appear that the industry has unduly influenced the FCC in its rule making proceedings and is circumventing the intent of the Cable Act as it was passed by Congress.

We are writing to request your assistance to reinstate the rate freeze, roll back rates, grant rebates, and require the FCC to truly restore regulation to local authorities. Local governments managed to get the country wired with cable in the late seventies and early eighties without assistance from the FCC. We want to continue to support and encourage the development of the cable industry in our community. But we need the tools to manage this defacto monopoly utility at the local level so we can protect our constituent cable consumers as well as nurture the industry's growth.

We appreciate all your efforts on our behalf. Thank you for your support and assistance.

Sincerely,



Darryl T. Owens
Jefferson County Commissioner

DTG:lmh